

Message Text

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ACTION NEA-10

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FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-04 USIA-15 OES-07 SP-02 SS-15 STR-04
TRSE-00 ACDA-10 FRB-01 XMB-04 OPIC-06 LAB-04
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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3707

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS SECTION 1 OF 2 NEW DELHI 7649

E.O. 11652: N/A

TAGS: ENRG ECON IN

SUBJECT: POWER SHORTAGES AFFECT PRODUCTION

SUMMARY. IN RECENT MONTHS THE POWER SITUATION IN MANY PARTS OF INDIA HAS DETERIORATED PRIMARILY BECAUSE OF DECLINING WATER LEVELS IN SOME RESERVOIRS, BREAKDOWN OF EQUIPMENT, LACK OF SPARE PARTS AND INADEQUATE PLANNING. POWER SHORTAGES HAVE HAD AN ADVERSE IMPACT ON INDUSTRIAL OUTPUT, PARTICULARLY JUTE, ENGINEERING, ALUMINUM, AND PETROCHEMICALS. GRAIN THRESHING OPERATIONS IN THE NORTH AND OTHER AREAS HAVE ALSO BEEN AFFECTED TO SOME EXTENT. THE GOVERNMENT IS HOPING THAT A FAVORABLE SUMMER (SOUTHWEST) MONSOON WILL EASE THE POWER CRISIS, BUT A SUBSTANTIAL GAP BETWEEN SUPPLY AND DEMAND WILL PROBABLY CONTINUE. THIS MESSAGE IS LARGELY BASED ON REPORTS FROM OUR THREE CONSULATES. END SUMMARY.

1. NORTH INDIA. THE POWER SITUATION IN MOST OF THE NORTH-WESTERN STATES HAS DETERIORATED IN RECENT WEEKS LARGELY BECAUSE OF THE FALL IN WATER LEVEL AT THE MAJOR RESERVOIRS FOR HYDRO-ELECTRICITY
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GENERATION AND THE BREAKDOWN OF EQUIPMENT IN SEVERAL THERMAL PLANTS. AS A RESULT, POWER CUTS VARYING BETWEEN 40 AND 50 PERCENT HAVE BEEN IMPOSED ON THE MAJOR INDUSTRIAL CONSUMERS, PARTICULARLY IN PUNJAB, HARYANA AND UTTAR PRADESH. THE POWER DEFICIT FOR PUNJAB IS ALMOST 20 PERCENT (BASED ON A DAILY REQUIREMENT OF 460 MEGAWATTS (MW) AND SUPPLY OF 370 MW), AND ABOUT 15 PERCENT FOR HARYANA (REQUIREMENT OF 330 MW AND SUPPLY OF 280 MW).

IN U.P. THERE IS SUBSTANTIAL UNDER-UTILIZATION OF CAPACITY BECAUSE OF THE BREAKDOWN IN SEVERAL THERMAL UNITS. (WHILE THE INSTALLED CAPACITY THERE IS 2,500 MW, ACTUAL GENERATION HAS RECENTLY BEEN 1,100 MW.) THE POWER SITUATION IN RAJASTHAN AND DELHI HAS IMPROVED RECENTLY, WHILE JAMMU/KASHMIR HAS BEEN LARGELY UNAFFECTED.

2. THE POWER SHORTAGE HAS AFFECTED INDUSTRIAL AND (TO A LESSER EXTENT)

AGRICULTURAL OUTPUT IN NORTH INDIA. POWER SUPPLY TO MINI-STEEL PLANTS IN PUNJAB AND HARYANA HAS BEEN SUSPENDED. THE U.P. STATE ELECTRICITY BOARD HAS REDUCED BY HALF THE POWER SUPPLY FOR HINDUSTAN ALUMINUM, RESULTING IN A PRODUCTION LOSS OF 1,800 MT PER MONTH. ALSO, SOME ENGINEERING FIRMS IN THE NORTHERN STATES HAVE BEEN OPERATING CONSIDERABLY BELOW CAPACITY. "RABI" (SPRING-HARVESTED) WHEAT THRESHING OPERATIONS, PARTICULARLY, IN HARYANA AND PUNJAB, HAVE BEEN HARMED BY POWER SHORTAGES, EVEN THOUGH STATE GOVERNMENTS HAVE BEEN GIVING POWER PRIORITY TO THE AGRICULTURAL SECTOR. IF THE SOUTHWEST MONSOON IS WEAK OR DELAYED SO THAT POWER MUST BE RELIED UPON FOR A FIRST IRRIGATION, CONTINUED POWER SHORTAGES COULD HAVE AN ADVERSE IMPACT ON THE KHARIF" (FALL AND EARLY WINTER-HARVESTED) RICE CROP. THE NORTHERN STATE GOVERNMENTS ARE HOPEFUL, HOWEVER, THAT THE TIMELY ONSET OF THE MONSOON WILL INCREASE THE FLOW OF WATER AT THE RESERVOIRS, PARTICULARLY THE VERY IMPORTANT GOBIND SAGAR LAKE, WHICH IS NOW THREE FEET BELOW THE DEAD STORAGE LEVEL.

3. MAHARASHTRA (BOMBAY AREA). THE POWER POSITION IN MAHARASHTRA HAS IMPROVED SINCE NOVEMBER 1976. GRADUAL RELAXATION OF POWER SITUATION HAS RESULTED IN ENERGY CUTS OF 20 PERCENT (COMPARED TO UNCLASSIFIED

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30 PERCENT LAST NOVEMBER) FOR GENERAL INDUSTRIES, 15 PERCENT FOR TEXTILE MILLS, AND 10-15 PERCENT FOR CONSUMERS. CURRENT ESTIMATED DAILY SHORTAGE IS APPROXIMATELY 300 MW, COMPARED TO A 500 MW DEFICIT LAST NOVEMBER. BECAUSE OF RELATIVELY EQUITABLE SYSTEM OF POWER RATIONING, INDUSTRIAL PRODUCTION IN BOMBAY AREA HAS NOT BEEN SUBSTANTIALLY REDUCED FOR LACK OF POWER. HOWEVER, PROCESS INDUSTRIES, SUCH AS CHEMICALS AND PETROCHEMICALS THAT ARE DEPENDENT ON UNIFORM POWER SUPPLY, ARE BELIEVED TO HAVE BEEN AFFECTED ADVERSELY. THERE ARE NO POWER RESTRICTIONS IN GUJARAT. POWER CUTS IN MADHYA PRADESH CONTINUE TO HURT SMALL SCALE INDUSTRIES AND AGRICULTURE.

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4. WEST BENGAL. THE PERENNIAL SHORTAGE OF ELECTRIC POWER IN WEST BENGAL DURING THE SUMMER MONTHS HAS BECOME WORSE WITH ERRATIC, WIDESPREAD AND MORE FREQUENT LOAD SHEDDING IN CALCUTTA AND ADJOINING AREAS. (UNSCHEDULED LOAD SHEDDING NOT ONLY AFFECTS OUTPUT BUT ALSO DAMAGES MACHINERY.) TOTAL REQUIREMENT OF ELECTRIC POWER IN WEST BENGAL IS ESTIMATED AT BETWEEN 1150-1200 MW PER DAY, BUT POWER SUPPLY IS ONLY ABOUT 850 MW, SO THERE IS A DAILY DEFICIT OF 300-350 MW. INDUSTRY MAY HAVE TO REVERT TO A FIVE DAY WEEK, AND THE 15 PERCENT POWER CUT, NOW ON ENGINEERING UNITS AND JUTE MILLS, MAY BE EXTENDED TO OTHER INDUSTRIES. PRODUCTION OF JUTE AND ENGINEERING IN PARTICULAR HAS BEEN AFFECTED, REPORTEDLY RESULTING IN LOSSES OF MILLIONS OF RUPEES.

5. INSTALLATION OF ADDITIONAL CAPACITY FOR GENERAL OF POWER IN WEST BENGAL APPEARS TO BE HANDICAPPED BY AN IRREGULAR FLOW OF FUNDS, DEFECTIVE PLANNING AND SHORTAGE OF EQUIPMENT. LABOR UNREST, MISMANAGEMENT AND FREQUENT BREAKDOWNS (COMPOUNDED BY AUTHORITIES HAVING TO OPERATE UNITS WITHOUT PROPER ALLOWANCE FOR MAINTENANCE) ARE AFFECTING OPTIMUM UTILIZATION OF PRESENTLY INSTALLED CAPACITY.

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IT IS ALMOST CERTAIN THAT NO POWER PLANTS WILL BE COMMISSIONED THIS YEAR IN THE AREA. AS A RESULT, PROSPECTS FOR IMPROVEMENT IN POWER SUPPLY IN WEST BENGAL IN 1977 ARE BLEAK. A POWER SHORTAGE OF BETWEEN 20-40 PERCENT OF PEAK DEMAND IS EXPECTED TO CONTINUE DURING THE SUMMER MONTHS, ADVERSELY AFFECTING BOTH INDUSTRIAL AND AGRICULTURAL PRODUCTION.

6. SOUTH INDIA. THE POWER SHORTAGE IS LIKELY TO BE THE MAJOR FACTOR IN CURTAILING INDUSTRIAL GROWTH IN SOUTH INDIA. BUSINESSMEN ARE CRITICAL OF INADEQUATE POWER PLANNING BY STATE GOVERNMENTS AND ELECTRICITY BOARDS AND NOTE THAT FAR TOO MUCH RELIANCE HAS BEEN PLACED ON HYDRO-ELECTRIC POWER. THERE HAS BEEN INSUFFICIENT COORDINATION OF POWER SOURCES IN THE AREA. TOTAL POWER DEMAND IN THE FOUR SOUTHERN STATES IS NOW AROUND 3,210 MW DAILY. SINCE TOTAL AVAILABLE POWER SUPPLY IS ABOUT 2,600 MW, THE DAILY SHORTFALL IS 610 MW (19 PERCENT). LOSSES IN INDUSTRIAL PRODUCTION IN SOUTH INDIA AS A RESULT OF POWER SHORTAGES DURING THE YEAR ENDING MAY 1977 ARE ESTIMATED AT APPROXIMATELY RS. 6 BILLION.

7. WORST AFFECTED STATES IN SOUTH INDIA ARE KARNATAKA, WITH A DAILY DEFICIT OF 370 MW (38 PERCENT OF TOTAL DEMAND), AND TAMIL NADU, WITH A DEFICIT OF 150 MW (15 PERCENT). KARNATAKA, WHICH DEPENDS ENTIRELY ON HYDRO-ELECTRIC POWER, WILL CONTINUE TO FACE PROBLEMS UNTIL THE COMMISSIONING OF THE GIANT KALINADHI HYDRO-ELECTRIC PROJECT, NOW SCHEDULED FOR 1980. IN TAMIL NADU THE POWER SITUATION HAS IMPROVED SOMEWHAT IN RECENT DAYS. POWER CUTS THERE ARE NOW 25 PERCENT FOR ESSENTIAL SERVICES AND PRIORITY INDUSTRIES, 30 PERCENT FOR OTHER HIGH TENSION CONSUMERS AND FOR MOST INDUSTRIAL AND COMMERCIAL USERS. THERE CONTINUE TO BE NO CUTS ON AGRICULTURAL AND DOMESTIC USERS IN TAMIL NADU. CONSTRUCTION HAS BEGUN ON A MAJOR THERMAL STATION AT TUTICORIN (IN TN), BUT POWER FROM THIS SOURCE, AS WELL AS FROM THE ATOMIC PLANT AT KALPAKKAM, IS AT LEAST TWO YEARS AWAY. ANDHRA PRADESH HAS A RELATIVELY SMALL POWER DEFICIT, AND TWO LARGE HYDRO-ELECTRIC PROJECTS NOW UNDER WAY ON THE KRISHNA RIVER CAN BE EXPECTED TO SOLVE THAT STATE'S LONG RUN PROBLEMS. ONLY KERALA IS IN A SURPLUS POSITION, UNCLASSIFIED

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SUPPLYING POWER TO THE OTHER THREE SOUTH INDIAN STATES IN EXCHANGE FOR CEMENT AND OTHER ESSENTIAL GOODS.GOHEEN

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Message Attributes

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